

P97043

CA 65-73  
2 July 1965

U. S. Government  
Washington, D. C.

Attention: Contracting Officer

Subject:

Gentlemen:

The feasibility of incorporating a coarse channel in the present Phase II Phasolver Test Model was discussed with the Government's Technical Representative during a recent visit to our facility. The advisability of performing certain humidity tests was also discussed. As a result,  is pleased to submit the following proposed tasks to be added to the present Scope of Work to be performed under subject contract.

Task I Modification

Modification of the Phase II Phasolver Test Model to incorporate a coarse channel and associated circuitry to provide for display and printout of the encoded data.

We believe this task can be accomplished in approximately two months for an estimated cost of

Task II Humidity Test

Humidity testing of the Phase II Phasolver Test Model to determine the efforts on system performance and operation at 30, 50 and 70 percent relative humidity. The results of this testing will be incorporated in the final report.

This testing will require approximately one month and cost

Estimated Costs - Tasks I and II

Fee Increase

Estimated Contract Increase

Declassification Review by NGA

U. S. Government

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2 July 1965

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Estimated Funds Required to Complete Present Scope  
of Work (Letter CA 65-69, 6-17-65, Copy attached)

Total Estimated Contract Increase

Cost breakdowns are attached for convenience of evaluation.

In passing, we would like to mention that funds were exhausted and work stopped on the original scope of work 16 June, 1965.

These Tasks, together with the two months time extension requested June 17, 1965 by letter CA 65-69, would extend the performance of the contract for approximately five months after receipt of authorization to proceed.

Should you require additional information, please do not hesitate to contact me.

Very truly yours,

Contract Administrator

Encl.  
OMS:sj

cc: Technical Representative w/encl. ✓

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CA 65-69  
17 June 1965

U. S. Government  
Washington, D. C.

Attention: Contracting Officer

STAT Subject: [ ]

Reference: A. Conference with Technical Consultant 6-11-65  
B. Telcon with Contracting Officer 6-14-65  
C. Telcon with Technical Representative 6-16-65

Gentlemen:

This letter will confirm the information furnished during the above references.

STAT By the above References, [ ] advised that the funds allocated to subject  
STAT Contract were practically exhausted. During References B and C, we advised  
STAT that an estimated cost to complete would be forwarded immediately. The  
thorough analysis which has been prepared indicates that the Contract can be  
completed for an additional [ ] and will require an additional 60 days.

STAT The revised estimate of [ ] total program cost is detailed in Appendix  
A, and is compared with the prior estimate which was submitted in [ ] STAT  
letter CA 64-31 dated 8 April 1964. From this comparison it is obvious that STAT  
there has been a negligible increase [ ] in the direct costs of performance, STAT  
while there has been a significant change in the burden rate structure [ ]

STAT The indirect rates used in the estimated completion cost cited in [ ] letter STAT  
CA 64-31, dated 8 April 1964, were those which we had anticipated at that date  
would reasonably reflect [ ] experience for fiscal years 1964 and 1965.  
However, now that the operating results for FY 64 and for the first seven months  
of FY 65 are a matter of history, and a more concrete estimate for the remainder  
of FY 65 has been made, it is obvious that these rates are no longer a reasonable  
guide. The major rate changes are in FY 65 and take place in Engineering Burden  
and G&A Expense. They have primarily been caused by a lag in the receipt of  
certain new orders (with consequent reduction in the bases used for calculating  
these rates) and a change in this Division's product line mix. It is to be noted

CA 65-69  
17 June 1965  
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STAT that [ ] has taken aggressive action to reduce indirect costs in parallel with these factors.

The current forecast for FY 65 year-end rates shows approximately the same total cost effect as the year-to-date rates at the end of the first seven months of this fiscal year. For this reason the current seven month operating rates have been used in the preparation of the revised estimated total cost shown in Appendix A. These rates can be readily verified by contacting the Resident Army Audit Agency [ ]

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The increased time requirement over the total estimated time to complete is due to various difficulties experienced as the work progressed. These difficulties have been documented as they occurred by the Monthly Progress Reports submitted, and are constituted primarily of problems with the Test Equipment.

In our letter CA 65-56 of 4 January 1965, we requested a revision of the billing rates set forth in the Contract transmittal letter to permit billing at the year-to-date actual rates as adjusted per our Army Audit Agency approved cost-type contract billing procedure. Your reply of 11 March 1965 approved billing for the disallowances incurred between Contract inception and the end of the 1964 fiscal year only. We again request approval to bill and be paid costs incurred in FY 65 at the year-to-date actual rates. Alternately, we suggest that [ ] be paid for costs incurred in FY 65 at the actual seven months of fiscal year-to-date rates (May 1965) used in the cost to complete shown in Appendix A - which are as follows:

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Material Burden	19.6%
Manufacturing Burden	140.0%
Engineering Burden	115.2%
Bidding	4.6%
G&A	27.9%

Your cooperation and rapid reply will be greatly appreciated.

Very truly yours,

STAT [ ]

Contract Administrator

OMS:ks

Enclosure: Appendix A

cc: Technical Representative w/enclosure

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bcc: [ ]

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